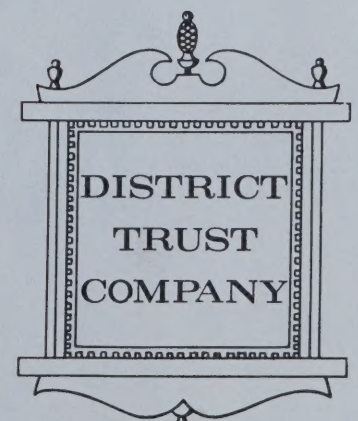
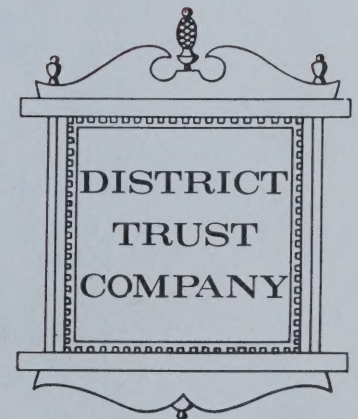
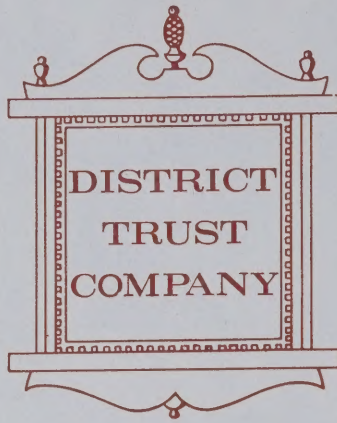


DISTRICT TRUST COMPANY

ANNUAL REPORT FOR THE YEAR ENDED OCTOBER 31, 1972





DISTRICT TRUST COMPANY

Head Office

484 Richmond Street, London, 672-0610

Branches

Main Branch

484 Richmond Street, London, 672-0610

Market Branch

15 Covent Market Place, London, 434-6024

Strathroy Branch

26 Front Street, Strathroy, 245-1090

Guelph Branch

Wellington & Gordon Streets, Guelph, 821-2160

Kitchener Branch

780 King Street West, Kitchener, 579-4020

Toronto Branch

65 Queen Street West, Toronto, 363-1563

Mortgage Services

484 Richmond Street, London, 672-0610

Real Estate Services

London

370 Queens Avenue, London, 672-9080

Strathroy

12 Caradoc Street North, Strathroy N7G 2M4, 245-3322

Kitchener

780 King Street West, Kitchener, 743-6355

"The small businessman in Canada, particularly the small manufacturer, certainly needs something to encourage him to invest and expand and grow. Recently everything seems to generate discouragement for the small private enterprise — be it more involved tax laws, labour laws, exchange rates or higher costs.

"If this country is to solve its employment problems, more productive jobs must come from the establishment of small businesses and the growth of small businesses into larger businesses with bigger payrolls. We cannot do it with the creation of more public employees and social legislation, as some politicians blandly advocate. Someone has to earn the money to pay the taxes to support our public programs, and there is a limit to the amount of tax money that Canadian enterprise can produce.

"I hope the crisis of the last few months has impressed upon Canadians, particularly our governments, that Canada has got to make its own way in this world and make the most of its potential.

"This country is in a very enviable world position for raw materials, but we must make sure we don't sell them too cheaply or too leniently and end up in a few decades with depleted natural resources and insufficient basic industry to provide jobs for our people.

"The most pressing need at the moment is for Canada to have vigorous, prosperous and expanding small industries which can export competitively, make money, pay taxes and provide employment.

"Encouragement for businessmen to strive toward this objective is urgently needed but I can see little indication at the moment that this encouraging atmosphere is approaching.

"Despite this atmosphere of uncertainty, I remain confident that Canadian business will continue to move forward with the determination that has marked its progress in the past. As far as District Trust is concerned, we certainly have this determination and I know we will make the most of every opportunity to equal or surpass our achievements of 1971."

SERVICES OFFERED BY DISTRICT TRUST COMPANY

Chequing Accounts — No service charges on cheques and 200 free personalized cheques.

Deposit Accounts — 4½% interest on minimum monthly balance compounded half-yearly.

Prepaid Deposit by Mail.

Guaranteed Investment Certificates.

Registered Retirement Savings Plans for Individuals.

Trustee — Corporate and personal.

Estate Planning.

Executor and Administrator Services.

Safety Deposit Boxes.

Investment Management.

First Mortgage Loans — Residential, Commercial, Industrial.

Real Estate Appraisals and Property Management.

Real Estate Sales — Residential, Commercial, Multi-Family.

Personal Loans

Community Services — Free movies, tickets and name tags.

OFFICES TO SERVE YOU

Head Office —

484 Richmond St., London, 672-0610.

Hours: 9 a.m. to 5 p.m. Monday to Friday.

Covent Market Branch,

Market Building, London, 434-6024

Hours: 9 a.m. to 4:30 p.m. Monday to Thursday.

9 a.m. to 6 p.m. Friday.

9 a.m. to 1 p.m. Saturday.

Strathroy Branch,

26 Front Street, Strathroy, 245-1090.

Hours: 9 a.m. to 4:30 p.m. Monday to Thursday.

9 a.m. to 6 p.m. Friday.

Guelph Branch,

Wellington and Gordon St., 821-2160.

Hours: 9:30 a.m. to 5 p.m. Monday to Thursday.

9:30 a.m. to 8 p.m. Friday.

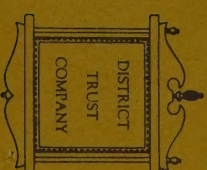
9 a.m. to 12 noon Saturday.

Kitchener Branch,

100 Ottawa St. N., 579-4020

Hours: 9 a.m. to 5 p.m. Monday to Friday

DISTRICT TRUST COMPANY



Report for the Quarter
ended January 31, 1972

and

Proceedings
of Annual Meeting
of Shareholders

REPORT TO SHAREHOLDERS

STATEMENT OF INCOME

(unaudited)

Three Month Period
November 1, 1971 to January 31, 1972
(with comparative figures for 1971)

	1972	1971
REVENUE	\$542,568.	\$405,602.
EXPENSES		
Interest	355,576.	283,641.
Depreciation	6,988.	6,401.
Other operating expenses	136,515.	98,797.
	499,079.	388,839.
Income before undernoted items	43,489.	16,763.
Income taxes	18,600.	6,400.
Income before investment securities gains	24,889.	10,363.
Investment securities gains	-	9,307.
NET INCOME FOR THE PERIOD	\$ 24,889.	\$ 19,670.
EARNINGS PER SHARE		
Income before investment securities gains	\$.16	\$.07
Investment securities gains	-	.05
Net income for the period	\$.16	.12

Net income for the Quarter ended January 31, 1972, was \$24,889 or 16 cents a share on revenue of \$542,568, compared with \$19,670 or 12 cents a share on \$405,602 a year ago. The accompanying unaudited Statement of Income shows that the upward trend, indicated in the annual report for fiscal 1971, continued into the first quarter of fiscal 1972.

The annual meeting was held in London on February 2, 1972 and shareholders completed the following business:

1. Approved the directors' report, financial statement and auditors' report for the year ended October 31, 1971.
2. Approved by-laws 7, 8, 9 and 10 as written in the information circular to shareholders.
3. Elected the following directors: W.J. Amos, B.J. Baldwin, W.C.P. Baldwin, Sidney Brown, K.L. Cunningham, N.G. Burdick, W.J. Gorman, L.H. Gray, F.M. Halls, R.J. Hare, H.L. Hayman, A.M. Hueston, F.O. Kime, J.A. McNee, G.T. Moore, S.A. Martin, W.J. McDougall, J.B. Nash, M.D. Shantz, J.H. Stringham, Joseph Wolfond, Melvyn Wolfond, J.G.C. Wright, L.W. Zehr.
4. Appointed Thorne, Gunn, Helliwell and Christenson as auditors.

In his year-end address President Bentley I. Baldwin commented on the uncertainties in the economy which tend to hinder progress.

"The Canadian economy seems to present an anomaly," he said. "On the one hand we have indications of prosperity. Personal savings are high, retail sales are good, and people seem to have lots of money.

"On the other hand there is a feeling of uncertainty amongst those who make experienced assessments of our national business health.

"There is uncertainty about the effect altera-

tions in the Canada-U.S. Auto Pact may have on secondary industry, particularly in Southern Ontario. There is uncertainty about the effect of the New Federal Tax Legislation, particularly the Capital Gains Tax. There is uncertainty about the long-term effect of the change in world money practices on our international trade, particularly with the United States. Certainly some of our exporters were hurt by the U.S. import tax and there is uncertainty about how long it may require for them to recover. There is great uncertainty about the effect of the Competition Act, which will be re-introduced in the House of Commons shortly, and uncertainty about our new labour legislation which may tend to make more difficult the introduction of new production techniques.

"In my address to last year's annual meeting of shareholders, I expressed the need for clarification of estate taxes and succession duties. The Federal Government has withdrawn from this field and the Ontario Government has decided to continue, with generally higher taxes.

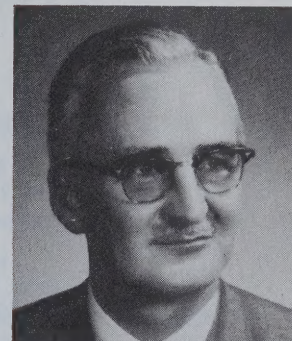
"Although we may be disappointed at the final outcome of this legislative reform, these particular tax regulations are now established and the situation clarified. District Trust can now advise clients in estate planning with confidence - a situation which has not existed for some time.

"This atmosphere of uncertainties in government position and rapid change in economic conditions, many of them artificially injected into the business arena, is not a good atmosphere for the vigour of our free enterprise system.

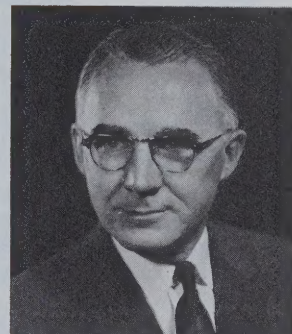
"Companies which are competing for business must be able to establish long-term goals with some assurance that they will be able to carry them out successfully and profitably. Otherwise, management's attitude tends to become one of 'let's wait and see what happens' and this hesitant philosophy does not produce strong corporate growth nor the new jobs which Canada needs so badly.



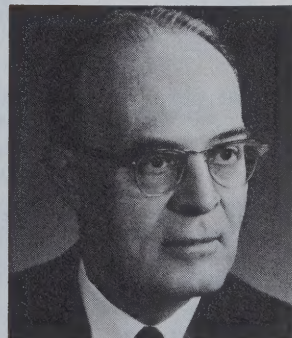
OFFICERS



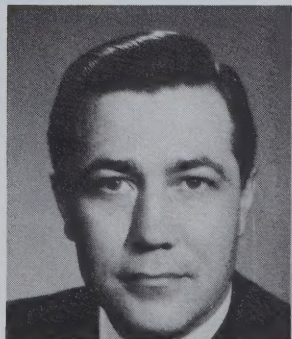
Bentley I. Baldwin
President



William C. P. Baldwin
Vice-President



Frederick M. Halls
Vice-President



K. L. Cunningham
*General Manager and
Secretary*

1972 BOARD OF DIRECTORS

- William J. Amos, Parkhill
 *Bentley I. Baldwin, London
 *William C. P. Baldwin, London
 Sidney Brown, Guelph
 *Norman G. Burdick, London
 *Kenneth L. Cunningham, London
 William J. Gorman, London
 Lyle H. Gray, Ridgetown
 *Frederick M. Halls, London
 *Raymond J. Hare, Waterloo
 *Howard L. Hayman, London
 Arthur M. Hueston, Aylmer
 *Frederick O. Kime, London
 William J. McDougall, London
 *John A. McNee, London
 George T. Moore, Arva
 Stanley A. Mortin, St. Thomas
 John B. Nash, London
 Milo D. Shantz, Preston
 J. A. Stringham, Don Mills
 Joseph Wolfond, Guelph
 *Melvyn Wolfond, Guelph
 J. G. Clark Wright, Strathroy
 L. W. Zehr, Kitchener
 *Members of the Executive Committee

AUDITORS

Thorne Gunn & Co.

DISTRICT TRUST COMPANY

REPORT TO SHAREHOLDERS

As President of District Trust Company, I am pleased to present this report for the year which ended October 31, 1972. It shows that your Company experienced outstanding growth and completed the most successful year of its history.

Net earnings rose 37% and gross revenue 42%, with total assets 57% higher than last year. Earnings for the year were 94 cents a share, of which we paid 25 cents a share in dividends.

In September, 1972, your Company offered 80,000 shares to shareholders at \$12.50 a share on the basis of one additional share for each two shares held. This offering provided \$986,000 for corporate expansion, and is explained in note #6 to the Consolidated Financial Statements.

Your Company followed an aggressive growth pattern during the year to take advantage of as many opportunities as possible. We opened an office in Toronto as an initial entry into this large market. A subsidiary, District Development Corporation, was established to develop, lease or own real property for the Company.

Because of the increase in the number of head office personnel, the Real Estate Department moved into separate accommodation in London. The Company purchased the business of Lauer Real Estate Limited in Kitchener to expand services into this market. The Real Estate function is now making its particular contribution to the success of the Company and this will increase.

Our close association with Shore to Shore Corporation Limited of Kitchener provided District Trust with valuable management expertise and business depth. This association will have an important bearing on the future course of your Company.

Considering the business climate generally, the outlook for fiscal 1973 looks excellent and we are anticipating financial performance as encouraging as last year. The changes in the Bank Act of 1967 continue to have an effect on our outlook. Initially, these amendments removed ceilings from interest, and business experienced higher and fluctuating rates. The chartered banks were permitted to provide mortgages on real property, so that services provided by banks and those traditionally provided by trust companies are gradually merging. We have met this increased competition successfully in the past and we intend to continue meeting it in the future.

Everyone within the Company worked very hard to achieve the successes of the year and I, personally, along with our directors, express appreciation. I urge all shareholders, customers and clients to share our enthusiastic confidence in the future of District Trust.

Respectfully submitted
Bentley I. Baldwin
President

DISTRICT TRUST COMPANY

and subsidiary company

CONSOLIDATED STATEMENT OF INCOME

YEAR ENDED OCTOBER 31, 1972
(with comparative figures for 1971)

	<u>1972</u>	<u>1971</u>
INCOME		
Interest from mortgages	\$ 2,004,671	\$ 1,450,790
Other mortgage revenue	57,606	20,654
Interest from other loans	22,946	15,578
Interest and dividends from investment securities	281,724	189,609
Real estate commissions	167,863	107,196
Estates, trusts and agencies fee	10,757	10,784
Other operating income	39,468	24,848
	<u>2,585,035</u>	<u>1,819,459</u>
EXPENSE		
Interest on deposits and borrowings	1,696,954	1,219,117
Salaries and staff benefits	282,371	205,841
Premises expenses	72,010	58,501
Loss from rental properties	1,378	1,855
Other operating expenses	368,755	212,587
	<u>2,421,468</u>	<u>1,697,901</u>
Income before investment securities gains and income taxes	163,567	121,558
Investment securities gains	76,197	40,591
	<u>239,764</u>	<u>162,149</u>
Income before taxes		
Income taxes		
Current	19,000	3,400
Deferred	69,500	48,200
	<u>88,500</u>	<u>51,600</u>
NET INCOME FOR THE YEAR	<u>\$ 151,264</u>	<u>\$ 110,549</u>
EARNINGS PER SHARE, based on weighted average of shares outstanding during the year	<u>\$.94</u>	<u>\$.69</u>



DISTRICT TR

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CONSOLIDATE

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ASSETS

	<u>1972</u>	<u>1971</u>
CASH, including term deposits of \$6,074,176 (1971, \$1,610,438)	<u>\$ 6,223,770</u>	<u>\$ 2,055,059</u>
INVESTMENT SECURITIES, at cost (note 2)		
Bonds		
Government of Canada	1,154,423	807,213
Provinces of Canada	653,618	618,135
Municipal	125,851	125,851
Other	478,413	427,099
	<u>2,412,305</u>	<u>1,978,298</u>
Stocks	225,701	647,590
	<u>2,638,006</u>	<u>2,625,888</u>
LOANS AND ADVANCES		
Mortgages	26,141,838	17,398,391
Loans on securities	233,412	150,469
Personal loans	93,823	53,594
Advances to estates, trusts and agencies	15,700	
	<u>26,484,773</u>	<u>17,602,454</u>
RENTAL PROPERTIES (note 3)	545,839	555,169
FIXED ASSETS (note 4)		
Land, building, equipment and leasehold improvements, at cost	247,568	199,728
Less accumulated depreciation	107,842	87,392
	<u>139,726</u>	<u>112,336</u>
OTHER ASSETS (note 5)	23,608	5,061
	<u>\$36,055,722</u>	<u>\$22,955,967</u>

ESTATES, TRUSTS AND AGENCIES

Securities, cash and other assets at company
valuation 1972, \$11,339,531; 1971, \$2,807,588

ST COMPANY

(In accordance with the laws of Ontario)

Company

BALANCE SHEET

1972

at October 31, 1971)



LIABILITIES

	<u>1972</u>	<u>1971</u>
DEPOSITS AND BORROWINGS		
Deposits	\$ 5,034,052	\$ 4,387,243
Short term certificates	295,239	350,015
Guaranteed investment certificates	26,972,544	15,691,350
	<u>32,301,835</u>	<u>20,428,608</u>
OTHER LIABILITIES		
Accounts payable and accrued liabilities	215,450	166,139
Income taxes payable	20,806	3,400
9% Mortgage payable maturing March 3, 1974 (principal due within one year \$8,500; 1971, \$7,800)	337,416	345,206
	<u>573,672</u>	<u>514,745</u>
DEFERRED INCOME TAXES	<u>92,100</u>	<u>22,600</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK (note 6)		
Authorized — 500,000 shares of \$10 each		
Issued — 238,947 shares (1971, 160,000 shares)	2,389,470	1,600,000
CONTRIBUTED SURPLUS (note 6)	379,436	182,069
GENERAL RESERVE	150,000	78,000
RETAINED EARNINGS	169,209	129,945
	<u>3,088,115</u>	<u>1,990,014</u>
	<u>\$36,055,722</u>	<u>\$22,955,967</u>

Approved by the Board:

Director, B. I. Baldwin

Director, K. L. Cunningham

DISTRICT TRUST COMPANY

and subsidiary company

CONSOLIDATED STATEMENT OF GENERAL RESERVE

YEAR ENDED OCTOBER 31, 1972

(with comparative figures for 1971)

	<u>1972</u>	<u>1971</u>
Balance at beginning of year	\$ 78,000	\$ 38,000
Transfer from retained earnings	72,000	40,000
BALANCE AT END OF YEAR	<u>\$ 150,000</u>	<u>\$ 78,000</u>

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

YEAR ENDED OCTOBER 31, 1972

(with comparative figures for 1971)

	<u>1972</u>	<u>1971</u>
Balance at beginning of year	\$ 129,945	\$ 91,396
Net income for the year	151,264	110,549
	<u>281,209</u>	<u>201,945</u>
Dividends	40,000	32,000
Transfer to general reserve	72,000	40,000
	<u>112,000</u>	<u>72,000</u>
BALANCE AT END OF YEAR	<u>\$ 169,209</u>	<u>\$ 129,945</u>

AUDITORS' REPORT

To the Shareholders of
District Trust Company

We have examined the consolidated balance sheet of District Trust Company and subsidiary company as at October 31, 1972 and the consolidated statements of income, general reserve and retained earnings for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at October 31, 1972 and the results of their operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

London, Ontario
December 4, 1972

Thorne Gunn & Co.
Chartered Accountants

DISTRICT TRUST COMPANY

and subsidiary company

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED OCTOBER 31, 1972

1. PRINCIPLES OF CONSOLIDATION

The financial statements include the accounts of District Development Corporation Limited, a wholly-owned subsidiary company incorporated during the year. The subsidiary had no transactions which affect the statement of income. At October 31, 1972 District Development Corporation Limited had assets totalling \$13,120 including cash of \$10,001 and purchase deposits of \$2,000.

2. INVESTMENT SECURITIES

The market values are:

	1972	1971
Bonds		
Government of Canada	\$ 1,099,148	\$ 775,310
Provinces of Canada	564,923	531,772
Municipal	109,448	112,048
Other	436,160	398,234
	<u>2,209,679</u>	<u>1,817,364</u>
Stocks	221,825	577,975
	<u>\$ 2,431,504</u>	<u>\$ 2,395,339</u>

3. RENTAL PROPERTIES

Rental properties are stated at cost less accumulated depreciation of \$48,325 (1971, \$37,016). Depreciation of \$11,309 (1971, \$11,800) is provided at a rate of 5% by the declining balance method and is included in loss from rental properties.

4. FIXED ASSETS

	1972			1971
	Cost	Accumulated Depreciation	Net	Net
Land	\$ 5,014	\$	\$ 5,014	\$ 5,014
Building	43,489	11,986	31,503	33,161
Office equipment and furnishings	152,204	82,028	70,176	42,850
Automotive equipment	5,872	1,319	4,553	1,622
Leasehold improvements	40,989	12,509	28,480	29,689
	<u>\$ 247,568</u>	<u>\$ 107,842</u>	<u>\$ 139,726</u>	<u>\$ 112,336</u>

Depreciation is provided by the declining balance method using the following rates:

Building	5%
Office equipment and furnishings	20%
Automotive equipment	30%

Depreciation of leasehold improvements is provided by the straight-line method over the terms of the leases.

Depreciation of \$24,289 (1971, \$16,520) is included in premises expenses.

5. OTHER ASSETS

Other assets include real estate on hand of \$13,639 which does not exceed estimated market value.

6. CAPITAL STOCK

During the current year 78,947 shares of capital stock of a par value of \$10 each were issued for \$12.50 cash per share pursuant to an offer to shareholders of rights to subscribe for one additional share for each two shares held. The excess of the proceeds over the par value of the shares, or \$197,367 has been added to Contributed Surplus.

The company has set aside 10,000 shares of capital stock for the granting of options to employees. At October 31, 1972, 8,000 share options were outstanding, exercisable at a price of \$12.50 per share to December 31, 1976. The potential dilution if these options are exercised would not materially affect earnings per share.

7. OTHER STATUTORY INFORMATION

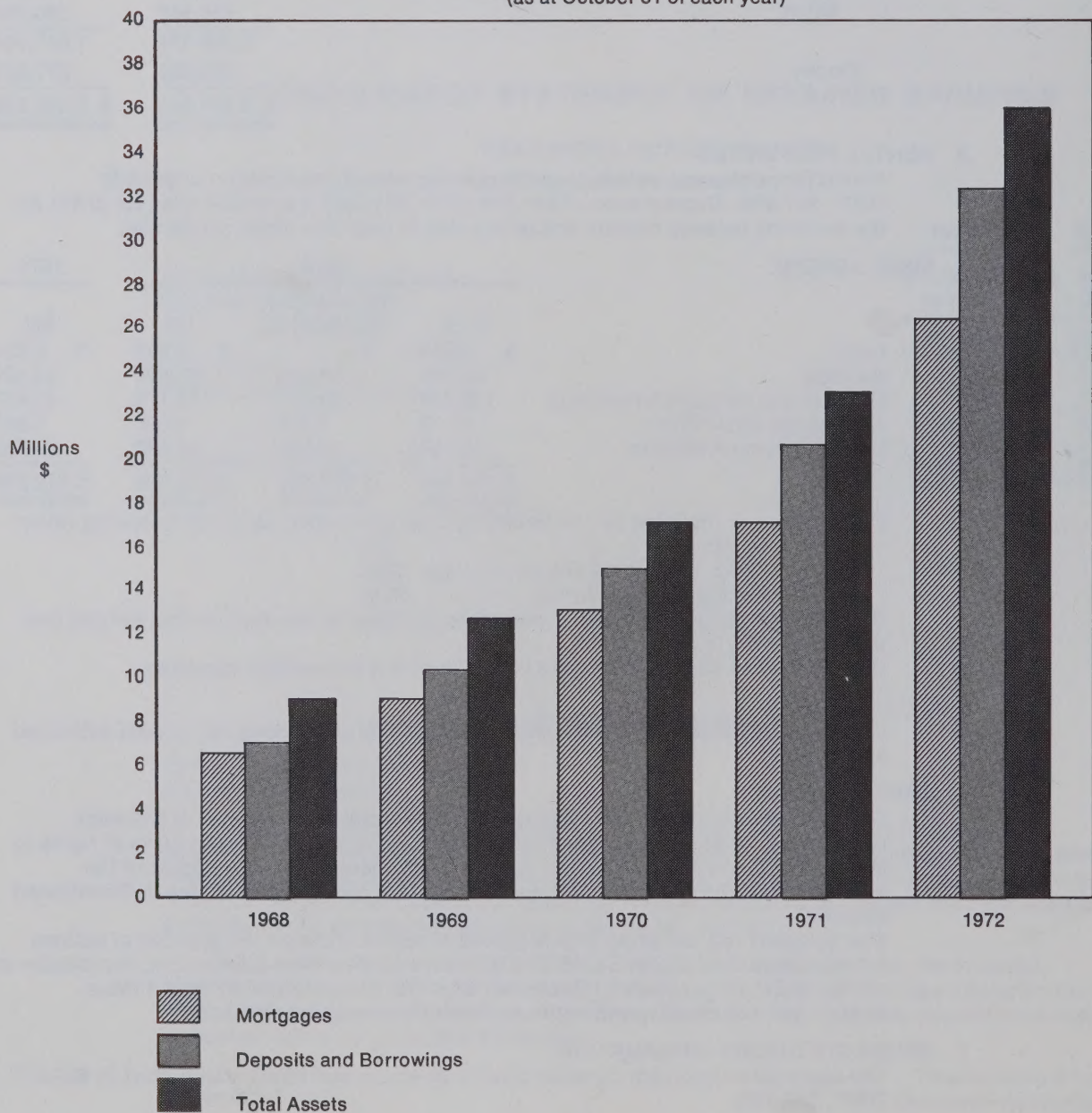
The aggregate direct remuneration paid to directors and officers amounted to \$69,317 (1971, \$47,610).

8. SUBSEQUENT EVENT

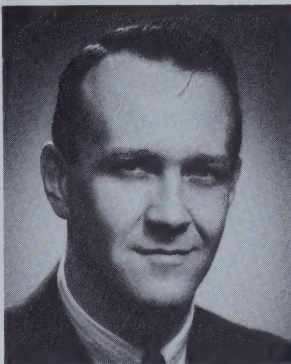
On December 3, 1972 the company made a lump sum payment of \$300,000 on the 9% mortgage payable.

FIVE YEAR COMPARATIVE GRAPH

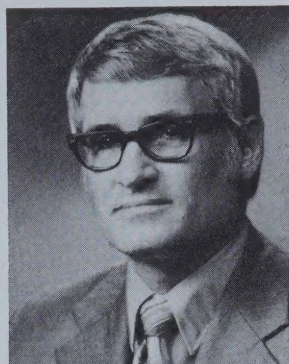
(as at October 31 of each year)



MANAGERS



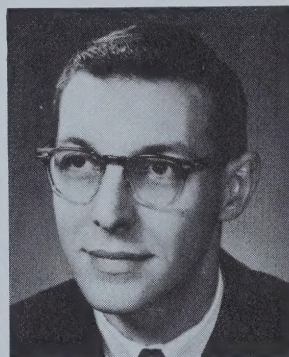
Robert C. Allen
*Treasurer, and Manager
Head Office Branch*



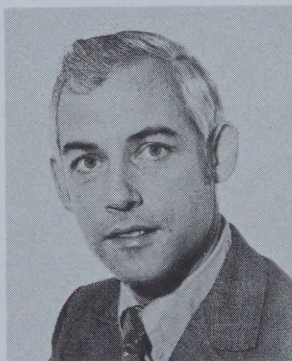
George Andrews
*Manager
Appraisal Department*



D. G. Hayman
*Manager
Market Branch*



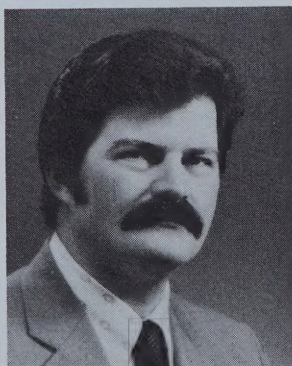
Douglas J. Petch
*Manager
Guelph Branch*



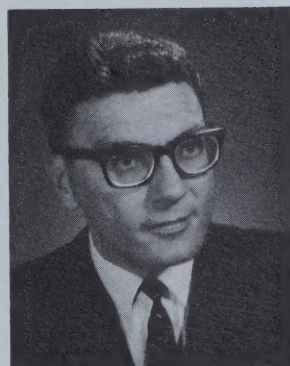
John Riding
*Manager
Toronto Branch*



W. Foster Thompson
*Manager
Strathroy Branch*



J. Michael Whatmore
*Manager
Real Estate Department*



Peter Wilson
*Manager
Mortgage Department*



DISTRICT TRUST CUSTOMER SERVICES

Chequing Accounts

Write as many cheques as you require with no service charge.

Savings Accounts

We pay high interest on your savings. You may withdraw any time in person or by arrangement.

Deposit By Mail

You may mail your deposits to either account at your convenience. Mail-in deposit forms are available on request.

Guaranteed Investment Certificates

G.I.C.'s earn the highest interest — a guaranteed investment.

Retirement Savings Plan

Savings designated for retirement income earn a high rate of interest annually and reduce current income tax payments. Contributions may be made progressively up to 60 days after the end of the year and still reduce income tax for the previous year.

Estate Planning

District Trust provides free confidential advice on personal financial matters, particularly regarding maximum future tax benefit.

Executors and Trustees

The appointment of District Trust as executor or trustee of your estate assures sound and dependable administration with maximum benefits to your family.

Safety Deposit Boxes

Vault facilities and safety deposit boxes at District Trust assure the safety of your valuables for pennies a day.

Investment Management

Because District Trust combines the experience of many financial experts, we can provide management of your investments expertly and rapidly.

Mortgages

District Trust provides financial assistance with residential, commercial or industrial construction, purchase or expansion.

Real Estate Services

We will acquire for you or sell for you any type of residential, commercial or industrial property.

Appraisal Services

Professional appraisals of all types of real property.